



**Director of
Central
Intelligence**

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National Intelligence Daily

***Friday
6 August 1982***

State Dept. review completed

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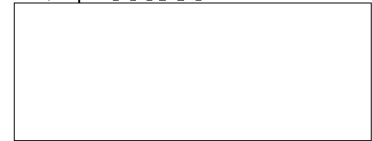
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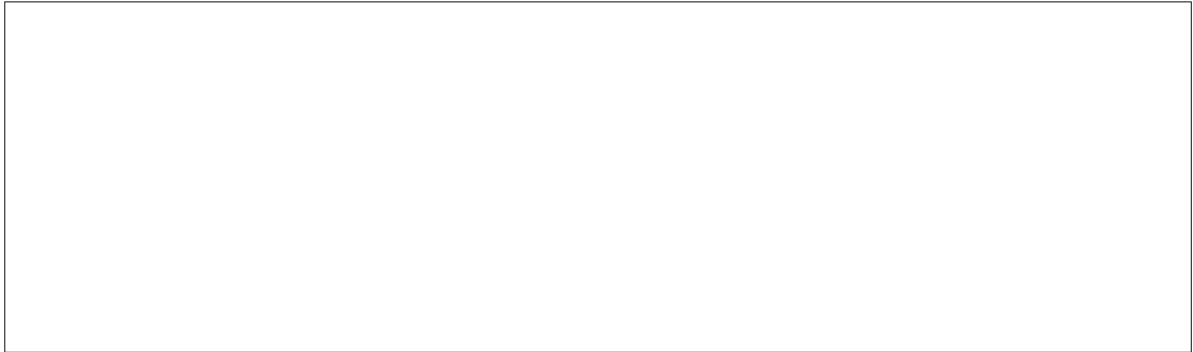
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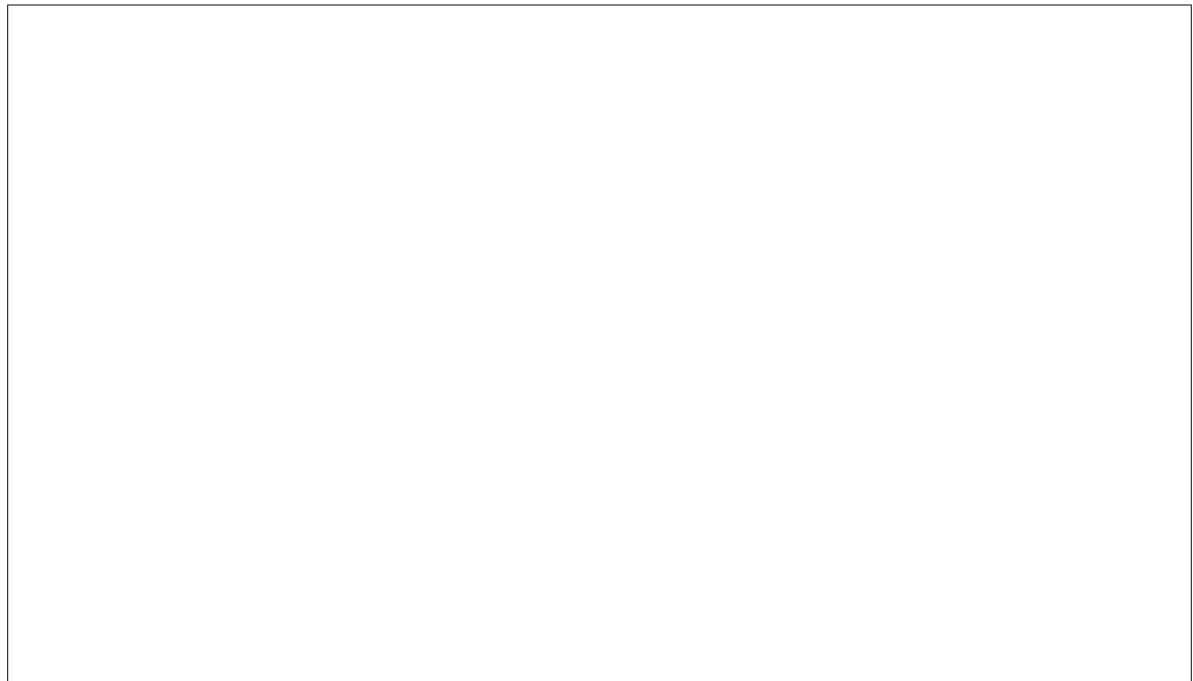


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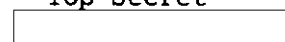


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UK-ARGENTINA: Proposal To Remove Sanctions

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London and Buenos Aires are attempting to find a way to lift some economic sanctions reciprocally.

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The Thatcher government has indicated its willingness to ease economic sanctions against Argentina, except for military items, if Buenos Aires reciprocates. Although the Argentines have not yet officially responded, British officials believe Buenos Aires eventually will agree.

The Argentines have asked the US to use its good offices to work out the details for a mutual lifting of economic sanctions. In exchange for unfreezing assets, Buenos Aires has agreed to end wartime intervention of British firms.

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The Argentines, however, have insisted that London move first, to be followed by their own relaxation of sanctions in response. They added that the existing political crisis would prevent rapid movement on other financial sanctions.

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Comment: There are strong economic incentives on both sides for finding a way to lift the sanctions.

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By responding positively to the British initiative, Buenos Aires hopes to release cash reserves for normalizing its debt servicing relationship with the UK and other countries, thereby improving international confidence in Argentina's financial condition.

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By using the US as a go-between, the Argentines could be attempting to establish a working relationship with Washington

Further-
more, US good offices could serve Argentine purposes in the approaching Falkland debates in the UN. Argentina, however, would rebuff any attempt to link the lifting of sanctions to concessions on the sovereignty issue.

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